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C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000938

SIPDIS

AF/S FOR BNEULING  
NSC FOR SENIOR AFRICA DIRECTOR C. COURVILLE  
USDOC FOR ROBERT TELCHIN  
TREASURY FOR OREN WYCZE-SHAW  
PASS USTR FOR FLORIZELLE LISER  
STATE PASS USAID FOR MARJORIE COPSON  
USDOL FOR ROBERT YOUNG

E.O. 12958: DECL: 12/31/2009

TAGS: EINV ECON PGOV ZI

SUBJECT: COCA-COLA REPRESENTATIVE OFFERS A CANDID PERSONAL  
VIEW OF ZIMBABWE,S FUTURE

Classified By: Charge d'affaires Eric T. Schultz a.i. for reason 1.4 d

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Summary  
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¶1. (C) Coca-Cola Communications Director Sherree Gladys Shereni told the CDA on July 7 that Coca-Cola had resolved a payment dispute with its main Zimbabwe distributor and would continue providing Coke syrup to the country. Coca-Cola remained committed to the country long-term but she said she had advised them that economic conditions were unlikely to improve any time soon. As a &Zimbabwean8 she confided that no change would come without President Mugabe,s departure from power. Zimbabweans, fear of the regime prevented them from rebelling, therefore the country,s great hope was that the presidential succession would tear ZANU-PF apart and open political space in the country. Joyce Mujuru and Emmerson Mnangagwa were the main contenders but neither could win a free and fair election given the degree to which the party was now hated. End Summary.

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Coke Sees Long-Term Potential but Short-Term Problems  
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¶2. (C) Shereni told the CDA that Coca-Cola remained committed to the Zimbabwean market. The company believed the country had long-term economic potential and that eventually conditions would improve. Moreover, the Reserve Bank of Zimbabwe (RBZ) had solved the company,s biggest problem when it had agreed to provide local bottler Delta Beverages with \$1 million in foreign exchange per month to pay off its debts for Coca-Cola syrup and to finance additional imports. As a result the total debt had been reduced from \$4 million to a little over \$2 million since April.

¶3. (C) That said, Shereni agreed with the CDA that economic conditions in Zimbabwe were unlikely to improve in the near term given current government policies and that the unlikely prospect that they would change for the better any time soon. Moreover, she suggested that RBZ Governor Gono had been given latitude before the elections because ZANU-PF needed someone to keep the economy going, but with a two-thirds parliamentary majority, the party no longer needed Gono,s stewardship and he was n his way out.

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Waiting for Mugabe  
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¶4. (C) In that regard, Shereni offered her opinion "as a Zimbabwean" (and a highly educated one who started her professional life in the RBZ in the 1980s) that no economic or social reforms could take place with Mugabe still in power. As a proud man who never admitted mistakes, Mugabe was incapable of seeing the fault in his own policies and had led the country further and further down the wrong path. She said the problems had really begun in the 1980s when corruption first became a factor in the government. Mugabe,s refusal to embrace fiscal discipline had further exacerbated the situation, especially the 1997 budget that had caused the first economic crash. Finally, his disdain for real democracy, that had ZANU-PF stalwarts calling it in &intensive care8 as early as 1989, was the final key factor in the country,s deterioration.

¶5. (C) Shereni said Mugabe was now so insulated from the people that he was unaware of the scale of suffering. The CIO had told him the people were unhappy in the late 1990s and Mugabe had responded by shouting them down. When the elections of 2000 had proven them right, Mugabe had taken vengeance on the people who had opposed him. He was deeply unpopular as was his party even with rural voters who only voted for him out of fear. They had seen how ZANU-PF had dealt with &collaborators8 and other opponents during the liberation struggle with summary executions and would not

stand up to the government. For most Zimbabweans, & peace8 meant avoiding government terror.

16. (C) Shereni said how Mugabe stepped down and how much longer he stayed in power would have a profound effect on the country's future. The country's great hope was that dissension within ZANU-PF over the succession would open up political space in the country. The party was deeply divided along tribal lines, both intra-Shona (Zezerou versus Karanga) and inter-tribal (Ndebele versus Shona), and the war veterans were deserting it. The party was also divided between supporters of the two main candidates to succeed Mugabe: Joyce Mujuru (with her husband Solomon behind her), a Zezerou, and Emmerson Mnangagwa, a Karanga. Shereni said the population would probably prefer Mujuru to Mnangagwa, but that the party was now so hated that no ZANU-PF candidate could win a truly free and fair election.

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Not Waiting For Africa  
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17. (C) Shereni said African leaders had failed to criticize Mugabe because of the skeletons in their own closets. They were afraid that their domestic opponents would use their criticism of Mugabe against them. In addition, Zimbabwe was even now relatively better off than most African countries (though falling fast) and African leaders used this to rationalize their silence. Shereni also recounted a conversation she had with former Mozambican President Chissano on a recent flight from South Africa in which he vehemently argued against a superpower (i.e. the U.S.) telling an African leader when it was time to leave. Chissano had said that Mugabe should be allowed to determine on his own when he wanted to leave power. However, independently, Shereni had heard rumors about the UN asking Chissano to present Mugabe with an exit-package.

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Comment  
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18. (C) Shereni's bleak and honest assessment is representative of Zimbabwe's educated elite, especially its enterprising business people. They are keenly aware of everything that is wrong with the country but are resigned to the reality that nothing will change as long as Robert Mugabe is in power. Instead they continue with what has become an exhausting struggle to keep their businesses alive within the dysfunctional parameters set by a control-obsessed government. In a sense their struggle is mirrored in the daily struggle of poor Zimbabweans to physically survive in the face of an uncaring and often hostile regime. Shereni's account confirms the pervasiveness of intimidation and despondency throughout Zimbabwean society, from rural residents to captains of industry. But it also offers a ray of hope in that it also confirms that all layers of society are increasingly united against the regime, whose base of support has narrowed to the military, the police, and the CIO.  
SCHULTZ